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Report Highlights:

Emergency Rule Related to Virus Free Citrus Material* Mexican Government

Works on Techniques to Identify GMOs* Unnecessary to Label Biotech Food

Products * Leading Banks Cut Growth Expectations* Interest Rates May Drop to

Lowest Levels Ever

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Mexico [MX1], MX

Welcome to Hot Bites from Mexico, a weekly review of issues of interest to the U.S. agricultural community. The topics covered in this report reflect developments in Mexico that have been garnered during travel around the country, reported in the media, or offered by host country officials and agricultural analysts. Readers should understand that press articles are included in this report to provide insights into the Mexican "mood" facing U.S. agricultural exporters. Significant issues will be expanded upon in subsequent reports from this office.

DISCLAIMER: Any press summary contained herein does NOT reflect USDA's, the US Embassy's, or any other US Government agency's point of view or official policy.

EMERGENCY RULE RELATED TO VIRUS FREE CITRUS MATERIAL

Mexico published in the "Diario Oficial" (Federal Register) on August 17, 2001, the emergency rule NOM-EM-036-FITO-2000 - Regulations and Specifications for Production and Transportation of Virus Free Citrus Propagative Material and Associated Viruses. The objective of this emergency regulation is to establish the phytosanitary requirements and specifications to produce and transport virus free citrus propagative material. Among other concerns, this regulation is issued because of the serious threat citrus viruses represent for the Mexican citrus industry. These regulations apply to citrus propagative material, production areas, transportation, and commercial growers. Imported genetic or propagative material should follow official regulations. This regulation is an extended emergency rule which modifies the emergency regulation published in February 1, 2001 (See report MX1012). (Source: Diario Oficial 08/17/01)

MEXICAN GOVERNMENT WORKS ON TECHNIQUES TO IDENTIFY GMO'S

The Government of Mexico (GOM) has developed three techniques to identify genetically engineered foods (GEF), even though the GOM does not have a stated position on these foods. According to the head of the department of Genetics of the Research Center and Advanced Studies of Irapuato (Cinvestav), Rafael Rivera, these techniques could be applied at Mexico's borders. The tests have different costs and levels of reliability. The first technique analyzes seeds that will be germinated to study living plants. The second technique analyzes plants, grains and flours for specific genetically engineered components. The third technique, a DNA test, has higher precision, but each lab test cost between U.S.\$9.00 to 60.00. Rivera also said three governmental agencies could use these techniques: Customs, Plant Health, and Sanitary Quality of Goods and Services. These developments were mentioned during the biotechnology seminar organized by the American Soybean Association in Oaxaca on August 15 -16, 2001. (Source: Reforma; 8/18/2001)

UNNECESSARY TO LABEL BIOTECH FOOD PRODUCTS

According to a local newspaper, several university researchers and executives of private companies which work with agricultural biotechnology said labeling biotech food products would cause confusion for consumers. Although all the biotech experts recognized that consumers have the right to know what is in the food they are eating, they were very emphatic against labeling genetically engineered food. They also agree that the agricultural biotechnology

future will depend on the consumers understanding and acceptance of it in the next few years. The biotech experts attended the seminar, " Biotechnology and Feeding: Perspective and Opportunities at the Human and Animal Nutrition" on August 15 -16, 2001, which was organized by the American Soybean Association. During the seminar it was pointed out that Mexico annually consumes thousands of tons of corn, soybeans and chicken meat, all of which is a product of some biotechnological process and without the knowledge of consumers. " It is a fact that Mexico imports approximately 6 MMT of corn annually from the United States. But in this country there is no regulation that differentiates between transgenic seeds or the organic ones," said Arturo Enríquez, General Director of DuPont Specialty Grains. Enriquez also said that "to import only non genetically engineered corn would increase corn cost by U.S.\$ 2.0 - 6.0 per metric ton." (Source: Reforma; 08/17/2001)

LEADING BANKS CUT GROWTH EXPECTATIONS

The nation's three leading banks on Monday, August 20, lowered their 2001 growth estimates for the Mexican economy due to continued economic weakness in the United States, the nation's chief trading partner. Banamex, recently purchased by Citigroup, said the nation's economy would register gross domestic product (GDP) growth of 0.8 percent, its second readjustment since last week's second-quarter GDP figures were released. Last week, the Finance Secretariat said the economy posted zero growth for the April to June period compared to the same quarter last year. BBVA-Bancomer also reduced its 2001 GDP estimates from 2 percent to 0.2 percent due to the flagging U.S. economy and expected further fiscal austerity from the Mexican government in the second half of the year. The government has already cut public spending twice this year to maintain its goals of reducing inflation and keeping the 2001 budget deficit below 0.65 percent of GDP. Santander-Serfin also dropped its already reduced expectations, saying GDP will increase only 0.6 percent.(Source: The News; 08/21/2001)

INTEREST RATES MAY DROP TO LOWEST LEVELS EVER

Mexico's benchmark interest rate will probably drop to its lowest level ever as investors pump money into Mexico in search of safer regional investment destinations than those of Argentina, Brazil and Chile. The yield on the 28-day Treasury bill, or Cete, is expected to drop 27 basis points to 7.10 percent from 7.37 percent last week, according to a survey of five analysts. That would be 14 basis points below 7.24 percent on August 7, the lowest level since the 28-day debt were first sold in 1982. "There's excess liquidity in the market because investors perceive Mexico as a refuge in comparison to other Latin American countries," said an economist of Bursametrica SA. Fixed-income investors are concerned Argentina's spending cuts won't be enough to ward off default on its 130 billion-dollar debt as a three-year recession continues to crimp tax collection. Those concerns have already caused the Brazilian real to weaken almost 23 percent and the Chilean peso to slip 15 percent against the dollar this year. In contrast, Mexico's peso has gained more than 5 percent against the dollar and interest rates have plummeted to below 8 percent from as high as 18 percent in February as investment flows in.(The News; 08/21/2001)

REMINDER FOR PUBLIC COMMENTS ON PENDING PROPOSED REGULATIONS

PROY-NOM-066-FITO-2001: Proposal for modification of the Mexican Official rule concerning requirements and phytosanitary specifications for the transportation of avocado fruits for export and domestic market, dated July 10, 2001. **Deadline for Comments: September 8, 2001.**

PROY-NOM-079-FITO-2000: Requirements and phytosanitary specifications for the production and mobilization of propagative material free of tristeza virus and other types of viruses associated with citrus, dated July 12, 2001. **Deadline for Comments: September 10, 2001.**

Mexican Official NORM NOM-060-ZOO-1999: Specifications for the transformation of animal products and their use in animal feed, dated June 28, 2001. **Final Rule Effective August 27, 2001.**

REPORTS SUBMITTED RECENTLY BY FAS/MEXICO

Report #	Title	Date Sent
MX1152	Weekly Highlights & Hot Bites, Issue #28	8/16/01
MX1153	Centrifugal Sugar Production Update	8/17/01

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